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**U.S. AGENCY
FOR
INTERNATIONAL DEVELOPMENT**

REQUEST FOR APPLICATIONS

RFA #: **G/EGAD/MD-02-A-002**

PROGRAM: **MICROENTERPRISE IMPLEMENTATION GRANT
PROGRAM---BUSINESS DEVELOPMENT SERVICES**

**ESTIMATED
DOLLAR VALUE:** (\$200,000 to \$750,000)

ISSUE DATE: **October 15, 2001**

CLOSING DATE/TIME: **December 14, 2001, 5:00 p.m, EST**

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APPLICANT CONFERENCE: October 23, 2001
9-11 AM (EST) (See Section I for details)

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REQUEST FOR APPLICATIONS (RFA)
G/EGAD/MD-02-A-002
MICROENTERPRISE IMPLEMENTATION GRANT PROGRAM (IGP)
THE MICROENTERPRISE INNOVATION PROJECT (MIP)
BUSINESS DEVELOPMENT SERVICES (BDS)

ISSUE DATE: 10/15/01
CLOSING DATE: 12/14/01

Office of Microenterprise Development
Center for Economic Growth and Agricultural Development
Bureau for Global Programs, Field Support and Research

GUIDELINES
FY 2002 MICROENTERPRISE IMPLEMENTATION GRANT PROGRAM
FOR BUSINESS DEVELOPMENT SERVICES
TABLE OF CONTENTS

SECTIONS

- A. BACKGROUND
- B. PROGRAM OBJECTIVES
- C. THE MARKET DEVELOPMENT APPROACH TO BDS
 - C.1 What is Market Development?
 - C.2 To Which “Market” does Market Development Refer?
 - C.3 Reaching Down to Under-served Groups
 - C.4 Achieving Sustainability
 - C.5 Measuring Impact and Performance
- D. PROGRAM PRIORITIES
 - D.1 Demonstrating Potential for Impact
 - D.2 Testing and Developing Strategies for Reaching Under-served Groups
 - D.3 Testing the Market Development Approach
 - D.4 Understanding the Market Context
 - D.5 Testing Tools for Assessing BDS Markets
 - D.6 Designing Innovative Tools for Stimulating Demand for and/or Supply of BDS
- E. ELIGIBILITY CRITERIA
- F. APPLICATION GUIDELINES
 - F.1 Deadline
 - F.2 Application Requirements
- G. GRANT SELECTION CRITERIA
- H. APPLICATION PROCESS
- I. QUALIFICATION PHASE
- J. PRE-AWARD PHASE
 - J.1 Field Assessment
 - J.2 Implementation Plan
 - J.3 Selection Criteria for Final Award
 - J.4 Final Agreement on Targets
- K. PREPARATION OF APPLICATIONS
 - K.1 Content of Applications
 - K.2 Format of Applications
- L. PRE-APPLICATION CONFERENCE
- M. USAID CONTACT
- APPENDIX A -- USAID Policy Statement on Microenterprise Development
- APPENDIX B -- Application Cover Sheet (For All Applications)
- APPENDIX C -- Table 1 – Impact and Performance Indicators
- APPENDIX D – USAID Presence Countries
- APPENDIX E – USAID Mission Addresses
- APPENDIX F – Mandatory/Optional Standard Provisions References, Assurances, Certifications and Other Statements of Applicant
- APPENDIX F – Glossary
- APPENDIX G – Applicant Checklist

**Office of Microenterprise Development
Center for Economic Growth and Agricultural Development
Bureau for Global Programs, Field Support and Research**

**GUIDELINES
FY 2002 MICROENTERPRISE IMPLEMENTATION GRANT PROGRAM (IGP)
FOR BUSINESS DEVELOPMENT SERVICES**

A. BACKGROUND

The U.S. Agency for International Development (USAID) is committed to an economic growth strategy that emphasizes poor people's economic empowerment, and recognizes microenterprise development as an important means to this end. In June 1994, USAID launched the Microenterprise Initiative, designed to make microenterprise development a better-established part of USAID's economic growth efforts.

Under the Microenterprise Initiative USAID committed itself to four principles in designing and implementing microenterprise programs:

- 1) Maintaining focus on women and the very poor;
- 2) Helping implementing organizations reach greater numbers of people;
- 3) For microfinance activities, supporting institutional sustainability and financial self-sufficiency among implementing organizations; and
- 4) Seeking improved partnerships with local organizations in the pursuit of microenterprise development.

In June 1997, USAID renewed the Microenterprise Initiative. It committed itself to maintaining the operating principles of the original initiative and to placing a priority on programs in Africa, where financial and business development services for microenterprise are especially limited. Appendix A provides a summary of USAID's policy on microenterprise development, including definitions, operational goals, and the range of activities USAID includes under the term "microenterprise development."

The Microenterprise Innovation Project (MIP) is the major vehicle through which the Microenterprise Development Office (in the Economic Growth and Agricultural Development Center of the Global Bureau) supports USAID's Microenterprise Initiative. The Microenterprise Implementation Grant Program (IGP), one component of the MIP, finances implementation of microenterprise programs in USAID-presence countries.

Starting in FY 1999, the MD Office issued 2 separate IGP Requests for Applications (RFA). Since FY 1999, one RFA has been designated for microfinance services, and the second RFA for business development services (BDS). This RFA applies ONLY to institutions submitting applications for BDS.

While IGP funding for financial services places a heavy emphasis on developing financially sustainable microfinance institutions, IGP funding for BDS emphasizes developing BDS markets as a means for delivering financially viable, market-driven BDS products and services to microentrepreneurs.

For the purpose of the RFA, business development services include a broad range of products and services such as, but not limited to:

- market access and/or marketing assistance
- business linkages
- product development
- business training, consulting, advisory and/or information services
- production training
- productivity-enhancing technologies and technology transfer services
- improved input access services
- linkages to financial services

This document provides guidelines for the FY2002 Microenterprise Implementation Grant Program (IGP) - Business Development Services (BDS) Request for Applications (RFA).

B. PROGRAM OBJECTIVES

The strategic objective of the IGP-BDS is to increase the income-earning and asset-building capacity of resource-poor entrepreneurs through improved business skills, productivity, and market access. The IGP-BDS's overall goal is the development of a more vibrant microenterprise environment reflected by more start-ups, increased profitability, greater ability to withstand market variability and competition, and faster growth. To achieve this goal and these objectives, the MD Office seeks to test and refine the BDS market development approach, developed by USAID and other members of the Committee of Donor Agencies for Small Enterprise Development (see www.ilo.org/employment/sedonors for Donor Guidelines explaining the BDS market development and www.mip.org/pubs/mbp/devel_of_markets_for_bds.htm for an overview of the BDS market development approach).

In testing the BDS market development approach, the IGP-BDS is expected to result in the following:

- Improved performance of microenterprises, as reflected in increased profitability, productivity, and/or stability
- Expanded and more competitive BDS markets that offer a spectrum of services tailored to the needs of microenterprise clients at a range of prices
- Increased outreach of BDS activities, offered by multiple private providers to large numbers of microenterprise clients
- Innovative strategies for: (1) assessing markets, (2) delivering and paying for BDS, (3) stimulating demand for and/or supply of BDS, and/or (4) tailoring BDS to the needs and demands of microenterprises
- Clearly articulated exit strategies that describe the process by which facilitators exit from a market, leaving behind sustainable BDS services.

USAID's interest in promoting BDS and BDS markets is motivated by two important principles. The first is a belief that business development services can improve microenterprises' performance, including net income, enterprise fixed assets, employment creation, and the quality

and terms of the transactional relationships between suppliers and customers. Included in the latter may be the ability to participate – either directly or indirectly – in production for export. More options on the part of microenterprise buyers of services and competition among sellers of services might also be included as an improvement in transactional relationships.

The second important motivation for promoting BDS markets is the belief that direct provision of BDS by public and non-profit bodies in the past has often been unsatisfactory in terms of scale of outreach, impact, and sustainability. While in the short term, the direct provision of services (by development organizations) can have substantial impact, the sustainability of these impacts – over the long run once the subsidies are withdrawn – have tended to be weak. Moreover, subsidized providers are often more responsive to their donors than the recipients of their services, and as a result, the services often do not meet the needs of microenterprise customers.

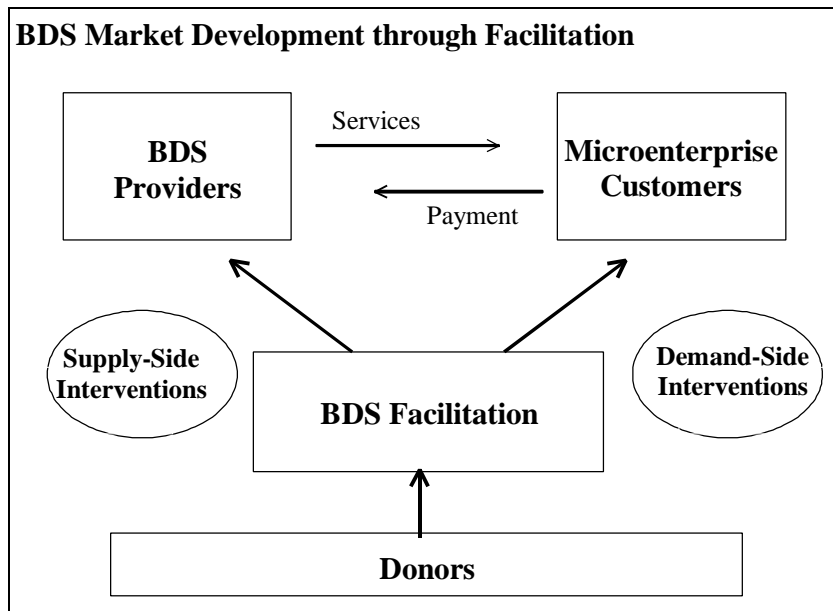
C. THE MARKET DEVELOPMENT APPROACH TO BDS

C.1 What is BDS Market Development?

Emerging approaches to BDS focus on the creation of well-functioning BDS markets as the best means of providing microenterprises with a wide array of useful, affordable and high-quality services. Developing BDS markets typically involves a mix of demand- and supply-side interventions, with the former targeted to customers to generate demand for BDS and the latter targeted to BDS providers to strengthen their capacity and/or the quality of their services.

Within the BDS market development framework, the role of governments and donor organizations involves ensuring an enabling environment for business growth, providing public goods, and correcting or compensating for market deficiencies. The direct provision of BDS services is typically left to the private sector. Experience has shown that when products, payment structures, and delivery mechanisms are tailored to the needs and demands of microenterprise clients, many types of BDS can be provided on a commercial basis even to the lowest-income segment of the microenterprise sector.

The diagram below is meant to illustrate the various roles and responsibilities suggested by the BDS market development approach. In their efforts to correct market deficiencies, donors may fund “facilitators,” who might be NGOs, associations, and/or a private contractor. The role of the facilitator is to develop the market through demand- and/or supply-side interventions. Rather than providing services directly, facilitators may work on the demand side by, for example, educating microenterprise clients about the potential benefits of services or providing incentives to try them. On the supply side, they might build the capacity of BDS providers by, for example, supporting them in developing new service products, improved efficiencies, and better access to market information. Market facilitation can also include impact assessment and evaluation of BDS, quality assurance, and advocacy for a better policy environment for the local BDS market.



Source: “Business Development Services for Small Enterprises: Guidelines for Donor Intervention, 2000 Edition” prepared by the Committee of Donor Agencies for Small Enterprise Development

“Creating a level playing field” is an important role that facilitators must play in developing BDS markets. Giving providers in the market equal access to services ensures that interventions will be less distortionary. To illustrate, programs that focus on one provider can create a monopoly situation in which microenterprise customers have little or no leveraging power to demand better quality or priced services. Moreover, “creating a level playing field” likely leads to enhanced competition and better services for customers.

BDS providers sell services on a commercial basis to microenterprise customers. They may be individuals, private for-profit firms, NGOs, parastatals, national or sub-national government agencies, or industry associations. They may be small enterprises themselves. They may also be firms whose core business is not service provision per se, but who provide BDS as part of a broader transaction or business-to-business relationship. To illustrate, wholesale distributors of agricultural inputs or equipment may provide BDS to the retail stockists in their network, which is then passed down to microenterprise customers. The motivation for supplying BDS in these instances is typically purely commercial, i.e. a means to sell more.

Market development interventions should aim to develop dynamic and competitive private-sector markets of relevant, differentiated services consumed by a broad range and significant proportion of micro and small businesses. “Facilitators” should aim to deliver primarily technical services to “providers” (e.g. market research, quality assurance, evaluation of the BDS impact, development of new BDS products). Facilitators need to be careful to use subsidies they receive from donors to develop rather than distort markets. Subsidies applied at the level of the BDS transaction (i.e., direct subsidies to reduce the cost or price of services to customers) are likely to be more distortionary than developmental. As a general rule, subsidies are less distortionary when invested before or after the transaction between buyer and seller. To illustrate, pre-transactional subsidies might include those used for R&D and for developing service products,

test marketing and adapting products, building firm capacity, and/or raising awareness. Post-transactional subsidies could include those used for monitoring and evaluation of the impact of interventions on BDS market development or social/economic development.

In undeveloped and/or weak markets, BDS providers may not exist. In such cases, programs may need to engage in direct service provision as an initial step to developing a BDS market. In these cases, applicants need to articulate their strategy for how temporary service provision will lead to market development, and they must detail their plan for exiting from the role of provider, possibly transitioning into the role of facilitator, and disengaging from intervention altogether (see Glossary, Appendix F, for definitions, including “provider,” “facilitator,” “implementing organization,” and “exit strategy”).

C.2 To Which “Market” Does Market Development Refer?

A common confusion for those new to the “BDS market development approach” concerns the definition of “market.” Many ask, “To which market does ‘the BDS market development approach’ refer?” To be clear, “the BDS market development approach” refers to developing the service markets, i.e. business development service markets. The confusion is understandable since many explanations of BDS market development make little or no reference to the final “goods and services” market on which many development donors and practitioners are used to focusing.

While some programs focus on both the BDS market and the final “goods and services” market, especially those that are focused on a particular subsector, all programs aimed at testing the “market development approach” must include an analysis and interventions focused on BDS markets (made up of providers of BDS services and customers of these service providers).

C.3 Cross-Cutting and Subsector-Specific BDS

The BDS market development approach is most often explained in the context of developing a service market that is not industry specific, but that cuts across subsectors, e.g. communication services, some business and management training services, financial management services, and the like. However, BDS can also be subsector specific. The differences between cross-cutting and subsector-specific BDS call for different or, at least, modified approaches to program development.

For programs that aim to develop markets for cross-cutting BDS services (not targeted to a particular subsector), the steps involved in program development typically include the following.

- Step 1: Select a BDS service for program investment that has potential to increase significantly the income, productivity, and/or stability of microenterprise clients.
- Step 2: Assess the BDS market (for the service(s) to be developed), i.e. the constraints and opportunities on the demand- and supply-side of the BDS market.

Step 3: Design and tailor interventions to address the demand- and supply-side constraints in the BDS market.

Step 4: Select impact and performance indicators that will help track the impact of interventions at the client, provider, facilitator, and market levels.

Subsector-specific BDS programs typically focus on growing the final goods and services market through BDS-market development interventions. By growing the final sales market, subsector-specific programs aim to increase the ability and probably willingness of microenterprises to pay for BDS.

With the goal of increasing the incomes of small and microenterprises, subsector-specific programs begin by strategically selecting a focus for intervention. Generally the steps in this approach include:

Step 1: Select a subsector with potential for growth for significant numbers of microenterprises.

Step 2: Analyze the constraints and opportunities in the subsector.

Step 3: Identify the BDS services that address these constraints and take advantage of the opportunities in the final goods and services market.

Step 4: Assess the market for targeted BDS services (for each service selected).

Step 5: Identify interventions to develop the market for selected BDS (that address the demand- and supply-side constraints in the BDS markets).

Step 6: Identify performance indicators to measure client impact, the sustainability of BDS providers and/or services, the cost-effectiveness of the facilitator, and the impacts of interventions on the BDS market.

C.4 Reaching Down to Under-Served Groups

Developing BDS markets that serve smaller, rural, and/or resource-limited entrepreneurs is challenging. Devising approaches for reaching the poor was a key challenge for microfinance and is similarly one for BDS. The IGP-BDS seeks to learn more about commercial strategies and/or approaches for reaching under-served groups. While USAID's learning in this area is still nascent, recent research and programming suggest some promising ideas, illustrated in the list below. This list is meant to be illustrative and is by no means exhaustive. Some approaches may overlap and/or be subsets of others; nonetheless, these "ideas" do suggest substantial possibilities for experimentation.

- Embedded services

BDS that is part of a package of products and services and paid for by the mark up on the final product are referred to as embedded services. Consequently, microentrepreneurs do not pay directly for BDS provided in this manner. Rather they pay indirectly through a

mark-up on a product, or by a mark up on the final sale. In this latter case, an importer or final consumer may bear the cost of the BDS. BDS incorporated or embedded in the transactions between members in a supply chain is common with subsector-focused programs, those focused on the introduction of “hard” technologies with BDS, and programs which bundle BDS with financial services.

- Client groups

Clusters, networks, associations, and other types of client groups can offer a means of reaching many microentrepreneurs cost effectively. Creating networks that provide brokering, product development, and training services to clustered firms has been successful in developed countries in helping groups of small firms compete on the world market. In developing countries, industry associations have played important roles in providing BDS to members to help them access. Client groupings of various kinds offer promising opportunities to reach large number of microentrepreneurs with a single intervention.

- The sachet principle

This principle refers to BDS which is broken down into small packages to make it more affordable to smaller, resource-limited entrepreneurs. The sachet principle has often been applied to the case of agricultural inputs, which – if sold in their regular packaging – is too expensive for the smallest farmers, but if broken down into small packages or sachets becomes more affordable. Can the same principle be applied to BDS?

- MFI-led BDS

This approach to BDS programming builds on microfinance institutions (MFIs) and microfinance networks to provide BDS to clients currently participating in a microfinance program. Emerging methods include: directly providing commercially viable BDS to clients; fostering strategic alliances between existing BDS providers and MFIs; and establishing subsidiary, for-profit firms that provide specialized services to the target market (microentrepreneurs) in instances where there is a weak supply of providers. By tapping into the microfinance market, BDS providers may be able to reach a larger number of clients (scale), as well as poorer clients (depth of outreach). (see CGAP Occasional Paper No.2, “Cost Allocation for Multi Service Micro finance Institutions,” April 1998, for a discussion on implications for a MFI that directly provides non financial services.)

- Linking microentrepreneurs to financing mechanisms

While this approach can converge with MFI-led BDS, it can also represent a linkage service, in which information and introductions are made between potential clients and microfinance institutions. In some instances, the program may even provide information to MFIs on the clients as part of the promotion effort.

C.5 Achieving Sustainability and Developing Exit Strategies

The BDS market development approach demands a clear vision of sustainability, referring to a sustainable supply of and demand for BDS services. To achieve sustainability, a clear picture is needed – from the start – of “what the market will look like” and “how it will operate” after the intervention ends. This picture then becomes the project target.

The market development approach demands an upfront, defined exit strategy from the beginning of the project or intervention. Facilitators are meant to stimulate markets, using temporary interventions, and then to exit. Too often, well-meaning development organizations provide a service that is needed by a target group. But rather than creating incentives for the private sector to provide these services, the organization provides BDS directly, often at a subsidized price. While in the short run such service provision can have a beneficial impact, in the long run, a development organization that stays in the market as a provider for too long is likely to crowd out potential market entries.

Markets only succeed if BDS providers have appropriate incentives to respond to consumer demands. Donors, governments, and/or NGOs can contribute to the development of a market by demonstrating the profitability and benefits of BDS. However, they must have a plan and timetable for gradual withdrawal, including progressive reductions in subsidies and final exiting, if they are to entice others to enter the market.

C.6 Measuring Impact and Performance

BDS market development represents a shift from a focus on the supply of subsidized services to a limited population, to a focus on the development of a vibrant and competitive BDS market made up private providers serving large numbers of enterprises. To measure performance of BDS market development interventions, USAID’s Microenterprise Best Practices (MBP) Project has developed a “performance measurement framework,” (PMF). The MBP website contains a number of helpful documents that list and define the framework’s indicators, provide a methodology for collecting and/or calculating indicators, and include questionnaires for implementing a survey to obtain the necessary information (see www.mip.org/pubs/mbp/bdsframework.htm).

For the purposes of the IGP-BDS, USAID has borrowed substantially from the PMF to develop a set of indicators presented in “Appendix C, Table 1.” However, applicants should be aware that there are also some differences between the two (PMF and Table 1). To assist in using and understanding Table 1 indicators, this RFA document provides a guide to completing Table 1 in Appendix C.

D. PROGRAM PRIORITIES

The priorities that will guide the selection process for the FY2002 IGP (Business Development Services) include:

- Programs that demonstrate the potential for significant impact at the client (microenterprise), provider, and market levels
- Programs that identify innovative strategies for cost-effectively and sustainably reaching under-served clients, including smaller enterprises and women.
- Programs that follow the Donor Guidelines for BDS and are explicitly designed to develop BDS markets.
- Programs that provide a clear analysis of the final “goods and services” market (when relevant)¹ and/or the BDS markets which are targeted for intervention.
- Programs that experiment with innovative strategies and/or tools for assessing BDS markets, for stimulating BDS demand and/or supply, and for exiting from the market.
- Programs implemented in sub-Saharan Africa will be given priority. Applicants should be aware that funding for programs in Europe and Eurasia (E&E) and Asia Near East (ANE) is likely to be limited.

D.1 Demonstrating Potential for Impact

USAID’s primary concern is to increase the income-earning and asset-building capacity of microentrepreneurs. BDS market development is meant to be a means to this end. However, research has shown that microentrepreneurs that operate in saturated, low-return markets do not necessarily benefit from investments of BDS or even financial services. To have positive impact, entrepreneurs must have access to a profitable economic activity. BDS can play an important role in helping microentrepreneurs to gain access to more lucrative markets – through market access services, product development, various kinds of training, as well as access to financial services.

To achieve sustainable impacts at the client level, interventions must also have positive impacts on the BDS markets in which services are provided. This involves increasing the scale and depth of outreach, the number of providers and variety of services in the market, and the demand for services on the part of microenterprises.

Measuring impact is critical not only for demonstrating program effectiveness to donors, but also for program management. USAID has invested in research for selecting performance indicators and developing methodologies for measuring indicators (see www.mip.org/pubs/mbp/bdsframework.htm for information on MBP’s research on BDS performance measurement). IGP-BDS indicators (see Table 1 in Appendix C) are based on MBP’s work in performance measurement, while adjusted to the needs of USAID

¹ Subsector analysis may not be relevant to programs focused on “cross-cutting” BDS, that cuts across all subsectors (e.g. communication services, management training, linkages to financial services).

D.2 Developing & Testing Strategies for Reaching Under-served Clients

The IGP-BDS is seeking to learn about innovative and cost-effective strategies for reaching microenterprise clients, including women. If BDS is to benefit the poor, including smaller enterprises and women, strategies need to be devised to reach down-market on a commercial basis. Too often, program designers assume that microentrepreneurs are unable to pay for BDS. This was the same claim that was made about microfinance 20 years ago. Yet preliminary research indicates that the poor are willing to pay for services when the BDS products, delivery methods, and payment mechanisms are tailored to their needs and means, when it has a direct impact on the microenterprise's bottom line.

Strategies for reaching the poor must be commercially oriented. In other words, unless the field can offer providers methods for reaching large numbers of poor customers that also yield them greater profits, down-reach efforts will be temporary, ending as the subsidies are withdrawn.

D.3 Testing the Market Development Approach

The IGP- BDS will prioritize programs that apply the Donor Guidelines for BDS intervention to field programs (see www.ilo.org/employment/sedonors for Donor Committee Guidelines for BDS). The IGP-BDS is specifically targeted to programs willing to structure or restructure programs to reflect the Donor Guidelines for BDS, to test the efficacy of market development, and to provide lessons learned.

D.4 Understanding Market Contexts

Underlying the market development approach is an emphasis on understanding the market context in which programs intervene, and implementing a monitoring system to track the impact of various interventions on BDS markets and – in some cases – on the final “goods and services” market. Market research is the basis for program designs aiming to intervene in BDS markets.

Understanding the market context for many programs requires prior programmatic experience in a market, or at least pilot programming. While the IGP-BDS will consider “start ups,” i.e. new programs, the applicant and local partner must have a good understanding of the BDS market and, where relevant, the final “goods and services” market.

D.5 Testing Tools for Assessing Markets for BDS & for Final “Goods and Services”

Designing interventions based on assessments of the final “goods and services” market (where relevant) and the BDS market is also key to good practice in BDS market development. A number of tools have been tested for assessing these markets, including – but not limited to – subsector analysis, “Usage, Attitude, Image” (UAI) market research tools, focus group discussions, participatory rapid appraisal, product concept tests and price sensitivity tests. USAID's Microenterprise Best Practice (MBP) Project has published a number of documents on methodologies for market assessment (see www.mip.org/pdfs/mbp/applying_market_research.pdf). USAID's GEMINI Project produced a number of guides focused on subsector analysis, and the Small Enterprise Education and Promotion (SEEP) network includes a list of market research tools (see www.seepnetwork.org/3-14-01/selecting.html).

D.6 Designing innovative Tools for Stimulating Demand and/or Supply of BDS

The IGP-BDS is seeking to learn about innovative tools and strategies for developing BDS markets. Such tools include approaches for developing demand for new or existing services and for improving the quality and quantity of BDS supply. They might also include effective strategies for developing markets in transitional or undeveloped economies; for introducing new products or entering new markets, where no demand exists; and/or for developing markets, where no providers exist.

D.7 Designing Innovative Strategies for Exiting from Market Interventions

The IGP-BDS is also seeking to learn about innovative exit strategies, in which programs (facilitators) exit from intervening – leaving behind sustainable BDS markets.

D.8 Prioritizing Sub-Saharan Africa

The IGP-BDS will give priority in the selection process to the applications for programs in Sub-Saharan Africa.

E. ELIGIBILITY CRITERIA

The types of organizations eligible to apply to the IGP-BDS include U.S. PVOs, international organizations, for-profit firms, and NGOs in developing or transition countries. Applicants may be either US-based or local non-U.S. developing country organizations. While for-profit firms may submit applications, it is USAID's policy not to award fees/profits under assistance instruments such as cooperative agreements.

Additionally, to be eligible, applicants must be able to: (1) demonstrate an established capacity to provide the technical services and expertise to support the development of BDS markets; (2) have a proven track record in promoting BDS, private sector development, and/or market facilitation; (3) be legally registered in the country of operations; and (4) be able to meet USAID financial management standards, to ensure funds accountability.

Applicants under consideration for an award that have never received funding from USAID will be subject to a **pre-award audit** to determine fiscal responsibility, ensure adequacy of financial controls and establish an indirect cost rate.

F. APPLICATION GUIDELINES

F.1 Deadline

All proposals received in the Office of Microenterprise Development by 5:00 PM, EST on Friday, **December 14, 2001** will be reviewed for basic eligibility against the criteria in Section D and for conformity and consistency with the specifications outlined in these guidelines. Applications submitted late or that in USAID's judgment do not substantially comply with the contents and format required in this document, will not be considered in the review process.

F.2 Application Requirements

All proposed programs must:

- a) Test the BDS market development approach in USAID-presence countries (listed in Appendix E) where a high, unmet demand for services exists;
- b) Provide a clear description and analysis of the market context: including the BDS market (and the final goods and services market where relevant). **Applications which lack a clear analysis and/or do not convey a credible understanding of the market context will score well.**
- c) Be for purposes of developing/expanding business development products or services or for developing/expanding demand for these products or services in a USAID presence country.
- d) Provide a minimum cost sharing of 25% cash and in-kind, from non-U.S. government sources or from program-generated funds such as client fees (in keeping with USAID's standard provision on cost sharing);
- e) Be for a period of up to three years;
- e) Total no more than \$750,000 and no less than \$200,000 of USAID funding per applicant request. Applicants may submit more than one request, but no single applicant will be awarded more than \$750,000 in FY2002. Regional proposals will be considered, however, they must present a compelling justification (related to IGP-BDS program priorities) for USAID-investment in a regional as compared to a country program.
- f) Comply with semi-annual performance reporting requirements, in addition to standard USAID financial reporting provisions;
- g) Conform to USAID policy on microenterprise development (see Appendix A) and Donor Guidelines for BDS, entitled *Business Development Services: Guidelines for Donor-Funded Intervention* (www.ilo.org/employment/sedonors);
- h) Receive concurrence from the local USAID Mission. (Although the Global Bureau selects the IGP applications, missions must review and concur with such proposals before Global funds can be committed.) Applicants must indicate on the Cover Sheet of the application

with whom in the Mission they have met.

G. GRANT SELECTION CRITERIA

Approximately 5 to 10 grant applications will be selected on a competitive basis. Proposals will be rated against the following evaluation factors:

a) Potential for Impact: Client, Provider, and Market Levels	25 points
b) Market Analysis/Assessment and Selection of BDS Interventions	20 points
c) Approach to Market Development	25 points
d) Articulated Exit Strategy	15 points
e) Management / Experience and Capabilities	<u>15 points</u>
	Total:
	100 points
f) Africa bonus	10 points

a) Potential for Impact: Client, Provider, and Market Levels 25 points

- Provide evidence that the proposed activity shows the potential (through both historical data and credible projections) to significantly increase the number of microentrepreneurs having access to BDS.
- Provide evidence for the potential of the proposed BDS to have a high impact (including increased sales, reduced costs, changes in business practices, and/or satisfaction with the BDS services provided) on participating microenterprises (include historical evidence and credible projections).
- Demonstrate the impact that the program will have on providers (their profitability, numbers in the market, and the sustainability and quality of the services they provide).
- Demonstrate the impact of interventions on the wider BDS market (e.g. expanded supply and demand, improved competitiveness, enhanced quality and stability), and – where relevant – the final “goods and services” market.
- Provide a credible plan and sound indicators for assessing impact at the level of the microenterprise client, provider, facilitator, and market (see Appendix C: Table 1 for required indicators).

b) Market Analysis² 20 points

- Demonstrate an understanding of the BDS markets that will be targeted by the proposed program. The BDS market analysis should provide evidence of the demand for and extent of supply³ of the BDS targeted by the program. It should underscore the constraints to demand

² Although “market analysis” is given 15 points, it is the foundation for a competitive proposal.

³ This should include an understanding of (estimated if not actual) number of providers in the market, their roles and functions, and their constraints to improved performance.

and effective supply of BDS.

- Where relevant⁴, demonstrate an understanding of the final “goods and services” market in which microenterprises operate, the constraints they face along the value-added chain that hinder improved MSME⁵ performance; and the BDS-related interventions needed to address these constraints.

c) Approach to Market Development 25 points

- Describe the BDS services and/or products to be developed, expanded, or improved upon by the proposed program, and how the selected BDS addresses market gaps and/or failures.
- Provide a “vision” for what the BDS market (and where relevant the final “goods and services” market) will look like and/or how it will operate at the end of the program/or intervention.
- For each BDS service promoted, describe the approach to developing the BDS market(s), including a strategy for stimulating supply and/or demand, and for increasing competition among providers. Where relevant, this plan should include a strategy for growing the final “goods and services” market(s).
- Clarify how the program will create a level playing field for providers in the market, who meet reasonable performance criteria.

d) Articulated Sustainability Plan and Exit Strategy 15 points

- Detail the program’s plan for developing sustainable BDS markets, e.g., sustainable demand and supply of BDS. How will sustainability be achieved by the end of the project or intervention?
- Provide a clear plan (of activities) and timetable for how and when the implementing organization (the facilitator) will exit from the market, withdrawing all subsidies and leaving behind sustainable service provision.

e) Institutional and Management Experience and Capability 15 points

- Provide a record of performance of the applicant in designing and supporting relevant, innovative and market-led programs that have achieved effective scale, depth of outreach, and reasonable levels of cost recovery.
- Provide a record of performance of the implementing organization(s) in implementing innovative business development programs that have achieved scale, depth of outreach, impact, and sustainability. Include the implementing organization(s)’ historical and current level of providing relevant, demand-driven products and services.

⁴ The “goods and services” market is particularly relevant for subsector-focused programs.

⁵ MSME refers to medium-, small-, and micro-enterprises that may make up the value chain in a given industry.

- Demonstrate the experience of applicant and implementing organizations' senior project staff and management.
- Document evidence of a sound organizational relationship between the applicant and any partner implementing organizations, including written evidence that the partner organization is fully supportive of the applicant's proposal and/or a Memorandum of Understanding.

TOTAL: 100 points

f) Africa bonus

10 points

- Programs implemented in Sub-Saharan Africa will receive bonus points.

H. APPLICATION PROCESS

All applications will be reviewed in two stages consisting of what we term a "qualification phase" and a "pre-award phase." During the qualification phase, applicant proposals will be competitively selected based on the criteria, presented above. Applicants who are qualified for the pre-award phase will be so advised by the USAID Office of Microenterprise Development in mid-February 2002. Successful completion of the qualification phase does not assure a grant award will be made.

If a grant application is qualified for the pre-award phase, MD will further investigate the feasibility of the application and its targets. This may involve a field assessment to the local organization(s).

Following a successful field assessment, applicants still under consideration for award will be asked to submit a detailed implementation plan to the MD office. The plan will refine the targets presented in the initial application and indicate more specifically how they will be achieved. The implementation plan must be accompanied by a second letter of support from the management of the local institution, indicating that they have reviewed the plan and agree with its content.

The pre-award phase is much more rigorous than the qualification phase, and awards will only be made to applicants who convincingly demonstrate their ability to successfully implement the program and achieve the targets proposed. The MD office may decline further consideration of an applicant that fails to develop reasonable, yet aggressive program targets and credible implementation plans.

Applications that successfully complete the pre-award phase will be forwarded to the Office of Procurement for a determination of responsibility, detailed review/negotiation of budget, and initiation of pre-award audit if necessary. Awards will be made by the Office of Procurement to responsive applicants.

I. QUALIFICATION PHASE

I.1 Application

Eleven-page application submitted by applicant to MD and to appropriate USAID Mission. Application content must follow the outline specified in Section K, Preparation of Applications. A letter of support from the USAID Mission, and a memorandum of agreement with the local partner should accompany the Submission to MD by **5 PM Friday December 14, 2001**.

I.2 Review

Proposals reviewed by MD with input from appropriate USAID Mission and other USAID bureaus, as needed and based on basic eligibility and selection criteria.

J. PRE-AWARD PHASE

J.1 Field Assessment

Applicants under consideration for award will be invited and encouraged to participate in a field carried out assessment by G/EGAD/MD staff or contractors. The purpose of the field assessment is to: (1) assess the technical feasibility of the approach to BDS market development; (2) verify baseline data presented in proposal and local institutional capacity; and (3) assess the reasonableness of the annual and end-of-project targets. G/EGAD/MD will notify USAID Missions and Regional bureaus of travel plans and request their concurrence.

J.2 Implementation Plan

All qualified applicants will be asked to present an implementation plan. An implementation plan is required for all eligible applicants selected to move forward to the pre-award phase. It must be presented to USAID **by 5 PM Friday, May 14th**, unless submission has been postponed by the MD Office to permit completion of a field assessment. Postponed implementation plans should be submitted to the MD Office within 15 days from completion of the field assessment. A draft implementation plan may be requested earlier in order to inform the field assessment.

J.3 Selection Criteria for Final Award

Final awards will be made to organizations whose implementation plans demonstrate a high probability of being successfully implemented. Awards will be subject to the availability of funds. An award will require that the applicant institution present a credible implementation plan, which demonstrates how the local organization will reach the specified programmatic targets. Implementation plans will be evaluated by the MD Office, with input from the Regional Bureaus and USAID Missions, and based on knowledge of the proposed program (derived from the implementation plan, site visits, mission comments, and discussions with the applicant). Typically, the format of the implementation plan will be agreed upon during the pre-award assessment. It generally includes:

- a) **An analysis of the BDS market and, where relevant, the final goods and services market**

The plan should detail the BDS to be promoted and analyze the BDS market targeted by the program. Where relevant, the plan should demonstrate an understanding of the subsectors in which

microenterprise clients operate, and the constraints faced by subsector participants, including microenterprises.

b) The approach to BDS market development for each BDS service targeted by the program.

The plan should articulate the strategy for developing the market for the BDS services to be promoted by the program.

c) Plans to implement program for greater scale, down reach, and efficiency

The implementation plan should include a complete discussion of the steps the organization will take to achieve specified targets, and any other relevant actions to be taken to improve the outreach and impact of program services.

d) For each service, a sustainability plan and exit strategy

The plan should include a sustainability plan and exit strategy. For proposed activities that would continue beyond IGP funding, applicants should clearly justify how subsequent interventions will promote BDS market development.

e) Performance targets

The plan should specify the impacts at the level of the microenterprise client, the BDS providers, and the market(s) as well as other program, financial, or institutional targets that will be reached during and after the life of the project. The project's performance will be judged on the basis of these indicators. The targets should be linked to the indicators provided in Table 1 in the initial application, although they may be modified over the course of the pre-award phase. Key targets will be incorporated into grant agreements, and will be used to periodically monitor and assess program progress. Applicants who consistently fail to meet their targets and cannot give good justification will not be likely to receive further grants in the future.

f) Evidence of local support

The plan should provide written evidence of local understanding and support for the proposed program, as well as existing mechanisms to permit and encourage local participation in strategy development, implementation, monitoring and evaluation.

J.4 Final Agreement on Targets

The applicant and G/EGAD/MD will negotiate final targets after the implementation plan has been reviewed by G/EGAD/MD until both parties are satisfied that they are appropriate, reasonable, yet ambitious. The target negotiations stage must be completed as early as possible to permit all documentation to be transmitted by G/EGAD/MD to the USAID Office of Procurement (OP/B/PCE) for an award to be made before the end of USAID's fiscal year (September 30, 2002). Cost related reviews/negotiations not completed by September 30, 2002 may be considered for funding in the first quarter of the new FY 2003, subject to availability of carry-over funds.

Selected applications will be forwarded to USAID's Office of Procurement for budget

negotiation and determination of responsibility. Applicants may be subject to a pre-award audit, particularly those who have not previously received a USAID award. Local organizations considering applying should be aware that USAID/Washington requires an audit and other information that can cause significant delays in award. All awards are subject to the availability of funds.

K. PREPARATION OF APPLICATIONS

Applicants to the FY2002 IGP-BDS program are asked to submit a brief proposal/concept paper consisting of **11 pages (maximum) of text** and an additional 15 pages (**maximum**) of tables and annexes. Applications should be in at least an 11-point font or larger. The MD Office reserves the right to refuse consideration for any application longer than the maximums indicated or not including required documentation.

K.1 Content of Applications

Cover Sheet, with amount of funding requested and contact information (use Appendix B).

Executive summary (1 page), including key performance targets

- Experience of the applicant/local partner relevant to BDS market development and facilitation
- Program goal and objectives
- An analysis of the market context (the final goods and services market and/or the BDS market)
- A description of the clients and BDS services targeted by the program
- The approach to BDS market development and plan for sustainability
- Expected impacts at the client, provider and market levels.
- Program targets specified.

Applicant Institution (½ page):

Institutional and management experience and capability partially contained in this section (15 points)

- Experience of the applicant relevant to BDS market development and facilitation
- Approach to developing local programs and to BDS activities
- Explanation of the types of technical inputs that will be provided by the partner(s) to achieve program targets
- Past performance record of the applicant, supported by information in the annexes

Partner Implementing Institution(s) (½ page) *if applicable*:

Institutional and management experience and capability partially contained in this section (15 points)

- Experience of the partner(s) relevant to BDS market development and facilitation.
- Approach to program development.
- Explanation of the types of technical inputs that will be provided by the partner(s) to achieve program targets.
- Past performance record(s) of the implementing organization(s), supported by information in the Annexes.

Current and Proposed Clientele (1/2 page):

Potential for impact selection criteria partially contained in this section (25 points)

- Description of the clients served by the implementing institution(s), including their poverty level, % microenterprises, % female.
- What impact will the proposed program have on microenterprise clients?
- To what extent and how will small- and/or medium-sized firms benefit from the program?

Market Assessment, Program Goal, and BDS Market-Development Objectives (2 pages)⁶

Market analysis selection criteria contained in this section (15 points)

- Articulate a rationale for the selection of a particular BDS service (or services) for investment and, where relevant, for the focus on a particular goods and service market. Explain the potential for impact of selected BDS and or subsector foci?
- Assess the BDS markets that will be targeted by the proposed program. This would include a description of the scope of the supply of BDS, including the (estimated if not actual) number of providers in the market, their roles and functions, and their constraints to improved performance. The BDS market assessment would also include an analysis of the demand for BDS, the constraints to demand, and the opportunities for promoting demand. Where relevant⁷, analyze the final “goods and services” market in which microenterprises operate and to which they sell their products and/or services; of the constraints in the subsector – along the value-added chain - that hinder improved MSME⁸ performance; and the BDS-related interventions needed to address these constraints.
- Provide a clear explanation of the goal and objectives (including the market development objectives) of the program, based on the market assessment.

Approach to BDS Market Development and Program Description (2 pages)

Approach to market development selection criteria contained in this section (25 points)

- Describe the identified intervention needs (based on market assessments) – including the BDS services and/or products to be developed, expanded, or improved upon, and how the selected BDS addresses market gaps and/or failures.
- If the application builds on an existing program, describe the existing program and its accomplishments, including number of clients reached, BDS providers assisted, new products or services introduced, etc. Relate the existing program to proposed program to promote BDS markets.
- Provide a “vision” for what the BDS market (and where relevant the final “goods and services” market) will look like at the end of the IGP-supported program.
- For each BDS service promoted, describe the approach to developing the BDS market(s), including a strategy for stimulating supply and/or demand, and for increasing competition among providers. For those programs that choose to engage in direct service provision as part of a strategy for entering a market and/or launching a new service/product, provide a clear plan for how the proposed program will develop the BDS market and, within a specified time period, result in sustainable service provision.
- Clarify how the program will create a level playing field for all providers in the market, who meet reasonable performance criteria. How many providers will the program work with? How

⁶ **Note that additional space is given for a description/analysis of the market context in the annexes.**

⁷ The “goods and services” market is particularly relevant for subsector-focused programs.

⁸ MSME refers to medium-, small-, and micro-enterprises that may make up the value chain in a given subsector.

many exist in the overall market? How and why has the program decided to target the selected providers?

Sustainability Plan and Exit Strategy (1 page):

Articulated exit strategy selection criteria contained in this section (15 points)

- Detail the program's plan for developing sustainable BDS markets, e.g., sustainable demand and supply of BDS. How will sustainability be achieved? What efforts will be utilized to ensure the sustainability of supply of and demand for the BDS services by the end of the project or intervention?
- Provide a clear plan for how the implementing organization (the facilitator) will exit from the market, withdrawing all subsidies and leaving behind sustainable service provision.

Expected Impacts and Accomplishments: (2 pages)

Potential for impact selection criteria largely contained in this section (25 points)

- What are the expected impacts of the proposed program on microentrepreneur clients, i.e. measured in terms of increased sales, reduced costs, changes in business practices, and satisfaction with the BDS services provided? How will microentrepreneurs benefit directly and indirectly?
- Demonstrate that the proposed BDS products and/or services are tailored to meet the needs of and demanded by microenterprise clients.
- What expected impact will proposed interventions have on the BDS service provision, i.e. change in the number of providers, the stability and profitability of providers, the quality of services/products, and providers' ability to respond to the demands of their customers.
- Describe the expected results at the market level (refer to Table 1 indicators). To what extent do accomplishments at the market level clearly result in benefits for microenterprise clients?

Key Personnel (½ page)

Institutional and management experience and capability partially contained in this section (15 points)

- List and briefly describe the relevant experience/accomplishments of the most important personnel working on the activity in the applicant and implementing institution(s).

Grant Budget Plan (½ page narrative)

- Indicate amount and timing of proposed USAID funding.
- Indicate how funds will be used.
- Regarding cost share amounts and sources, indicate whether other donor or external finance is necessary to supplement USAID funding in order to meet program targets listed above, and comment on status of such funding (in hand, committed, plans to obtain).

Current Funding Sources of Implementing Organization (½ page):

- List amounts by sources of donor and concessional funding (grants, soft loans, in-kind contributions), including USAID.
- Indicate percentage of the institution's revenues that are commercially funded (such as with client fees, sales of products, non-donor sources, etc.).

ANNEXES

Budget Table (1 page)

- Complete SF 424 and SF 424(a)
- Present budget for proposed BDS activity, including uses of USAID funds and any other needed funds. Include details of proposed match and anticipated revenue generation. Proposals should clearly indicate the implementer's willingness to commit own funds (separate from other donor support) to match the USAID grant.
- Review the document "Certifications and Assurances" and indicate concurrence with the Standard Provisions. Refer to USAID web site <http://www.usaid.info.gov/pubs/ads/300/303.htm> or e-mail USAID Agreement Specialist Kent Howard at khoward@usaid.gov for any information/questions in relation to these items.

Past Performance References

Institutional and management experience and capability partially contained in this section (15 points)

- Provide a list of all contracts, grants, or cooperative agreements involving similar or related programs over the past three years. Reference information shall include the location, current telephone numbers, points of contact, award numbers if available, and a brief description of the work performed.

Table 1 (3 pages)

- Present Table 1 for 2000 and 2001. Use actual data for 2000 and, where possible, for 2001. Use projections for years 2002, 2003, and 2004. Provide market- and program-level data where indicated, and annual (not cumulative) figures.

Description of Market Context: BDS and Final-Goods-&-Services Markets (1- 2 pages)

Market analysis selection criteria contained in this section (15 points)

- Because of the importance of the market analysis to program design, additional space is provided here to demonstrate credible knowledge of the BDS market and, where relevant, the final goods and services market.

Financial Statements (up to 6 pages)

Provide detailed balance sheets and income and expense statements, and other financial reports that help clarify historical and current operations for the implementing institution. Accompanying financial statements should be expressed in U.S. dollars OR the currency actually used by the local organization (with estimated US dollar exchange rates for each year) and include the most recently completed calendar year (or fiscal year), as well as the two previous years (if available).

- Memoranda of Understanding

Institutional and management experience and capability partially contained in this section (partial 15 points)

Include a Memorandum of Understanding signed by the President of the Board of Directors of each partner (i.e., non-applicant) institution, indicating that the proposal has been reviewed by her/him and specifying agreement with the targets presented in the application. Letters should reflect a high degree of mutual understanding and commitment and contain as much detail as space permits, including information about past cooperation between applicant and partner. Letters simply endorsing the application or activity are not acceptable.

K.2 Format of Application

The applicant's FY2002 Microenterprise Implementation Grant Program (IGP) application should be submitted along with a cover sheet, which is found in Appendix B. A single-sided, unbound original, six (6) copies of the application (each with a complete set of the required attachments), and an electronic copy (floppy disk or CD – including application narrative in MS Word and budget table, and Table 1 in MS Excel) are to be submitted to G/EGAD/MD by 5:00pm, EST **December 14, 2001**. The original should be "photo-ready," i.e., printed on one side only and unbound in the event additional copies are necessary.

L. PRE-APPLICATION CONFERENCE

A pre-application conference will be held on Tuesday, October 23, 2001, **from 9:00AM to 11:00AM in the Ronald Reagan Building** (1300 Pennsylvania Ave., N.W. – 14th Street visitor entrance – between Pennsylvania and Constitution Avenues). The location of the meeting room will be posted at the security guard desk at the entrance of the building that morning. This conference will allow prospective applicants to obtain clarification on questions they have concerning this RFA and the review and selection process.

Pre-registration is required. To be placed on the list for entry into the Ronald Reagan Building, security procedures require that conference attendees provide their name, organization, date of birth and social security number no later than **4:00pm on Monday, October 22, 2001**. Requests should be faxed to Janell Mobley, USAID, G/EGAD/MD, at (202) 216-3228. *We request no more than 3 attendees for each potential applicant.*

M. USAID CONTACTS

Applications should be sent to:

By U.S. Mail:

ME Implementation Grant Program
G/EGAD/MD
Agency for Intl Development
RRB, Room 2.11- 021
Washington, D.C. 20523-2110

By Courier or Other Delivery Service:

ME Implementation Grant Program
Attn: Janell Mobley
USAID G/EGAD/MD
1300 Pennsylvania Ave, N.W.
Room 2.11-021
Washington, D.C. 20037
Tel. (202) 712-4903

It is the applicant's responsibility to send one copy of its Implementation Grant Application to USAID Missions in each country where activities are being proposed. (Appendix E has a list of courier addresses for the USAID Missions.) Applications must be received by the Missions ***no later than*** January 3, 2002, two weeks after the deadline for submission to G/EGAD/MD. It is highly recommended that applications be sent by international express mail to the local address for the USAID Mission. Given frequent changes, it is advisable that applicants verify the address with USAID website prior to sending their proposal.

To expedite the proper channeling and review of the application at the USAID Mission, a copy of the application cover sheet, provided as Appendix B, should be fixed securely to your application. You are strongly encouraged to verify receipt of the application at the Mission since approval of program activities requires USAID Mission concurrence.

Any subsequent questions concerning these guidelines or the grant program, in general, should be referred to Jeanne Downing (202-483-9225) or to Janell Mobley (202-712-4903), G/EGAD/MD Program Operations Assistant. Written inquiries may be directed to the above address.

APPENDIX A

USAID MICROENTERPRISE POLICY

The full text of the USAID Microenterprise Policy can be found on the Microenterprise Innovations Project homepage at www.mip.org.

Extract from Major Functional Series 200 USAID Program and Project Assistance
Chapter 219 - Microenterprise Development

219.5 POLICY

219.5.1 SCOPE OF POLICY

Throughout this guidance and the Supplemental Reference, responsibilities assigned to "Missions" apply equally to any USAID/W operating unit that provides microenterprise assistance directly, i.e., other than through OYB transfers to USAID Missions.

219.5.2 EXEMPTION FOR SMALL-SCALE INFORMATIONAL ACTIVITIES

None of the policies or essential procedures stated herein restrict USAID assistance to organizations in the form of support for attendance at workshops, conferences, or training sessions; provision of literature; or similar low-cost, information-sharing activities.

219.5.3 PROHIBITION AGAINST ASSISTANCE TO IMPLEMENTING ORGANIZATIONS WITH PROGRAMS NOT OPEN TO WOMEN

USAID support shall only be provided to implementing organizations whose microenterprise development programs are both formally and effectively open to women. All assistance agreements with implementing organizations must require annual reporting of the percentage of women among their clients/beneficiaries.

219.5.4 HOST COUNTRY ECONOMIC ENVIRONMENT

Before signing an agreement to provide assistance to any microfinance institution, the Mission must consider the host country economic environment, particularly with regard to inflation and constraints on setting interest rates (or product pricing), to ensure that the prospects for assisted organizations to reach the performance standards identified in this guidance are not undermined.

219.5.8 **REPORTING REQUIREMENT FOR ORGANIZATIONS PROVIDING
NON-FINANCIAL ASSISTANCE**

Every agreement to provide USAID assistance to an organization that provides non-financial assistance to microentrepreneurs must include a requirement that the assisted organization provide USAID, on an annual basis, with a report of its financial and operational performance and outreach. This report must provide suitable indicators of: (1) the number of clients provided each type of non-financial assistance, on a gender-disaggregated basis; (2) a budget, balance sheet, and profit/loss statement for the program, which clearly identifies the program's different sources of funds, major cost elements, and the extent of cost recovery involved in the provision of each services; and (3) a set of program impact indicators that the Mission determines is sufficient to allow an assessment of the program's cost-effectiveness.

219.5.10 **RESTRICTION ON USAID SUPPORT TO ORGANIZATIONS OFFERING
SUBSIDIZED LOANS FOR PURPOSES OTHER THAN MICROENTERPRISE
DEVELOPMENT**

USAID assistance shall not be provided to organizations that provide loans on a subsidized basis in order to induce participation in activities with objectives other than improved microenterprise performance (e.g., health, environment, or democracy.)

APPENDIX B
FY 2001 MICROENTERPRISE IMPLEMENTATION GRANT APPLICATION

APPLICATION COVER SHEET

1. Applicant
2. Contact Person and Information
3. Local Organization, address, and contact information
4. Proposal Title
5. USAID \$ Request Recipient \$ Contribution
Life of Project \$ _____ LOP \$ _____
6. Program Period: _____ years _____ months

APPENDIX C
TABLE 1. IMPACT AND PERFORMANCE INDICATORS

The purpose of “Table 1” is to track the performance and impact of the activity proposed for funding using a combination of indicators. Table-1 indicators measure performance and impact at five levels:

- a) Microenterprise client;
- b) BDS provider;
- c) Facilitator;
- d) BDS market (market- and program-level data requested); and
- e) Where relevant – the final goods and services market (market- and program-level data requested).

For levels d) and e), indicators are requested which measure characteristics of the overall market targeted by the IGP-supported program (referred to as “market level”), as well as for those which measure performance characteristics of the share of the market targeted/assisted by the IGP-supported program (referred to as “program level”).

The “Guide to Table 1” provides detailed instructions on how to fill in the table of indicators. Applicants should remember to compute values for each individual year, and to provide historical data, where possible, for 2000 and 2001 (actual or estimated). Do not use cumulative totals and make sure to use US dollars figures.

Additionally, USAID is in the process of testing useful, valid, and practical indicators for monitoring and evaluating the performance of BDS programs. Some of the data requested in Table 1 may at first glance seem difficult or even impossible to collect. We encourage applicants to use national statistics, secondary research, and random sample surveys to collect data in cases where the survey population is large and where market-level data is requested. Then at the time of the pre-award assessment, G/EGAD/MD staff along with the assessment team will collaboratively agree on indicators for a particular program that are most meaningful.

As a basis for understanding Table 1, information is requested about the BDS market(s) which the applicant’s proposed program will target. The following questions are meant to provide a general picture of this market. Where precise data cannot be found, please use estimates and provide an explanation of how estimates were derived.

Defining the BDS Market(s) Targeted by the Proposed IGP-BDS Program:

- a. Geographic boundary of the BDS (and where relevant the final goods and services⁹) market:

- b. BDS services to be developed by the program and to which Table 1 data applies:

Service 1 _____

Service 2 _____

Service 3 _____

- c. Estimated Number of BDS Providers in the Overall Market: _____

% Private, For-Profit Providers¹⁰ _____

% NGO Providers _____

% Public-Sector Providers _____

- d. Firm size of clientele to be supported by the program:

% Medium _____

% Small _____

% Micro _____

- e. Level of poverty of clients (indicated by number of poverty loans as well as other indicators):

- f. Years covered (including the funding period, as well as activity history and projected activity after the grant, if appropriate): _____

⁹ Relevant to subsector-specific programs

¹⁰ Do not include firms for whom a majority portion of their revenue comes from donor contracts or grants.

TABLE 1

Impact and Performance Indicators In US\$			
		2000	2001
Only applicants targeting a specific subsector	ASSESSING THE MARKET FOR GOODS & SERVICES (Final Sales ¹)		
	MARKET-LEVEL ²		
	1. Annual value of sales (in US\$)		
	PROGRAM-LEVEL ³		
	2. Annual value of sales (in US\$) ⁴		
All applicants	ASSESSING THE DEVELOPMENT OF THE BDS MARKET		
	MARKET-LEVEL		
	3. Total number of BDS providers, by service ⁵		
	a. Service 1		
	b. Service 2		
	c. Service 3		
	PROGRAM-LEVEL		
	4. Number of BDS providers participating in the program, by service		
	a. Service 1		
	i. Percent private, for-profit providers		
	b. Service 2		
	i. Percent private, for-profit providers		
	c. Service 3		
	i. Percent private, for-profit providers		
	5. Total number of firms acquiring BDS from program-supported providers, by service ⁶		
	a. Service 1		
	b. Service 2		
	c. Service 3		
	6. Number of microenterprises ⁷ acquiring BDS from program-supported providers, by service		
	a. Service 1		
	b. Service 2		
	c. Service 3		
	7. Microenterprises as percent of total firms (line 6/line 5)		
	8. Number of woman-owned microenterprises acquiring BDS from program-supported providers, by service		
	a. Service 1		
	b. Service 2		
	c. Service 3		
	9. Woman-owned microenterprises as percent of total microenterprises (line 8/line 6)		

All applicants	ASSESSING THE FACILITATOR'S COST-EFFECTIVENESS (PROGRAM-LEVEL INDICATORS)		
	10. Total program costs		
	11. Total program costs per microenterprise served (line 10/line 5)		

Only for direct providers of BDS	ASSESSING THE BDS PROVIDER		
	12. Total earned revenues (do not include any grants or donor contracts)		
	13. Total expenses		
	14. Return on operations (line 12/line 13)		
For all other applicants (other than direct providers)	15. BDS Providers' profitability (please suggest appropriate indicator(s) to measure the profitability of the BDS providers with whom you work and/or services they provide, and explain/justify this measure in the narrative section)		

All applicants	ASSESSING THE IMPACT ON THE MICROENTERPRISE CLIENT (Program Level)		
	16. Annual value of sales by microenterprises participating in program (in US\$) ⁸		
	17. Microenterprise client satisfaction ⁹ (see "Guidelines" for further explanation) :		
	a. Service 1: number of repeat clients, OR referrals		
	b. Service 2: number of repeat clients, OR referrals		

All applicants	OTHER INDICATORS		
	18. Exchange rate used to calculate US\$ figures		
	19. Estimated percentage of microenterprises on line 6 who have poverty loans from any source		

Notes to Table 1:

- 1 For exporters, final sales refers to FOB. For retailers or wholesalers, it is the final retail sale
- 2 For "market-level indicators," refer to the entire or overall market in which the program will be implemented. For "program-level indicators," refer to indicators such as sales, for instance, related only to the market share targeted by the IGP-sponsored program (see <http://www.mip.org/pubs/r> under "survey guide" for definition of "overall market")
- 3 For "program-level indicators," refer to indicators such as sales, for instance, related only to the market share targeted by the IGP-sponsored program.
- 4 These can be actual figures or estimates based on random sampling.
- 5 In cases where there are embedded or informal BDS transactions, please estimate the number of microenterprises that have purchased BDS.
- 6 "Acquired" BDS can be purchased (fee for service), embedded in the business relationship, or provided as a service to microenterprises.
- 7 A microenterprise is any enterprise with 10 or fewer employees.
- 8 This refers to total sales by micro and small enterprises participating in the program, rather than just sales by the microenterprises themselves.
- 9 Measure client satisfaction for each service using EITHER "repeat clients" OR "referrals", not both.

Guidelines for BDS Table 1

USAID uses the evaluation and monitoring tool, referred to as “Table 1,” as a standardized instrument to measure impact and performance among IGP-funded BDS programs.

“Table 1” measures the success of BDS program intervention(s) according to their ability to:

- ⇒ Develop the final “goods and services” market (Final Sales) targeted by the BDS program and in which microenterprises operate, where relevant;
- ⇒ Develop the market for business development services (BDS);
- ⇒ Improve the cost-effectiveness of program interventions (measured at the facilitator level);
- ⇒ Strengthen BDS providers’ capacity to supply quality services demanded by microenterprise clients sector in a sustainable manner; and
- ⇒ Improve the profitability, productivity, and/or stability of microenterprises

To measure these expected outcomes, data is requested at the market and program levels. A key difference between market- and program-level indicators is that the former measures performance of all firms in the overall market, defined and targeted by the program. Program-level indicators, on the other hand, measure the performance of the firms (all sizes) targeted for assistance by the IGP-sponsored program.

The following section provides further explanation of each line item in “Table 1”. Where possible, examples are provided to illustrate methodologies for collecting data.

“Table 1” requires historical data for at least two years to provide a baseline and targets for the period of the program (except in the case of start-up activities). Year 1 refers to targets expected after one year of program implementation.

In some cases, it will be appropriate for the applicant to include a narrative section to Table

1. For instance, it may be necessary to explain the method used in calculating a certain indicator, or to provide more detail than the format of Table 1 allows. Please include this narrative section as part of the Table 1 annex.

Assessing the Market (Final Sales) for Goods and Services

For programs that are subsector specific, Lines 1 & 2 are intended to measure the final goods and services market in which the microenterprises operate. If your intervention(s) is (are) not subsector specific, i.e. if they involve services that cut across all or many subsectors, you do not need to fill out this section. Please skip to Line 3.

Line 1 – Annual Value of Sales (in US\$)– Market Level

The Annual Value of Sales (in US\$) refers to the value of final sales of goods or services produced by the subsector in which the targeted microentrepreneurs operate and your program is intervening.

For sales to the domestic market, the Annual Value of Sales (in US\$) refers to (final) sales to consumers by producers, wholesalers, and/or retailers. For sales to export markets, the Annual Value of Sales (in US\$) refers to FOB (Free on Board) sales.

To help you identify the final goods and services market your program operates in, you might use three- or four-digit (depending on which best describes the market targeted by your program) standard activity or product codes like the ones found in the United Nations Statistics Division Classification Registry at the following website: <http://esa.un.org/unsd/cr/registry/regcst.asp?Cl=2&Lq=1>

The following is an example of a product code found on this website for retail trade in stalls and markets:

Hierarchy:

- Tabulation Category: G- Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
- Division: 52- Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods

- Group: 525 - Retail trade not in stores
- Class: 5252 - Retail sale via stalls and markets

Explanatory note:

This class includes retail sale of any kind of product in a usually movable stall either along a public road or on a fixed market place.

Data sources that may be useful to estimate the Annual Value of Sales include: the government, industry groups, and chambers of commerce and/or trade associations. Please identify the source and/or the method you used to estimate this data in the narrative section.

Line 2 – Annual Value of Sales (in US\$) Program Level

Indicate the Annual Value of Sales (in US\$) of goods and services at the program level for the firms participating in the IGP-supported program.

The Annual Value of Sales at the program level can be actual figures or estimates based on random sampling. Please identify the method used in the narrative section.

This reason for collecting data at both the market and program levels is to be able to compare the performance of the microenterprises in the program with the performance of the subsector as a whole, over the program period.

Assessing the Development of the Market for BDS

Lines 3 – 7 look at ways to measure the development of the market for BDS. We are particularly interested in tracking impacts of the intervention on the development of the BDS market(s).

Measuring the development of the BDS market requires measuring both the demand (microenterprises acquiring BDS) and the supply (number of BDS providers in the market, etc.).

Line 3 – Total Number of BDS Providers, by Service - Market Level

Indicate the number of BDS providers offering BDS, “by service,” referring to the number of BDS services your program will promote under

the IGP-BDS. Lines a, b & c should be used to enter data for each service.

The BDS providers can include: individuals, private for-profit firms, NGOs, parastatals, national or sub-national government agencies, industry associations, etc. They may be small enterprises themselves. They may also be firms whose core business is not services but who provide them as part of a broader transaction or business-to-business relationship.

In cases where there are embedded or informal BDS transactions, please estimate the number of BDS providers. Include in the narrative section how you arrived at this figure.

Line 4 – Number of BDS providers participating in the program, by service. Program Level

Indicate the number of BDS providers that will participate in the program, by service. Again, “by service” refers to each type of BDS service your program aims to promote. Lines a, b & c should be used to enter data for each service.

Out of the BDS providers included in line 4, indicate on line i. the fraction (percent) that is considered private, for-profit providers. Only include firms whose majority of revenue derives from non-donor sources.

Line 5 – Total Number of Firms acquiring BDS from program supported providers, by Service Program Level

In Line 5, provide the Total Number of Firms (including micro, small, medium and large enterprises) acquiring BDS from program-supported providers. Line a, b & c should be used to enter data for each service. The data entered in lines a, b & c should add up to the number entered in line 5.

“Acquired” BDS can be purchased (fee for service), embedded in the business relationship (markup), or bundled with the sale of other goods or services.

Line 6 – Number of Microenterprises acquiring BDS from program supported providers, by service Program Level

Calculate the Number of Microenterprises acquiring BDS from program-supported providers. Lines a, b & c should be used to

enter data for each service. The data entered in lines a, b & c should add up to the number entered in line 6. Please indicate in the narrative how you will gather this data.

Line 7 – Microenterprises as a percent of total firms – (Line 6/Line 5)

Program Level

Divide Line 6 (Number of Microenterprises acquiring BDS from program supported providers) by Line 5 (Total Number of Firms acquiring BDS from program supported providers).

Line 8 – Number of woman-owned microenterprises acquiring BDS from program-supported providers, by service
Program Level

Calculate the Number of woman-owned microenterprises acquiring BDS from program supported providers. Line a, b & c should be used to enter data for each service. The data entered in lines a, b & c should add up to the number entered in line 8.

Line 9 – Woman-owned microenterprises as percent of total microenterprises– (Line 8/Line 6)

Program Level

Divide Line 8 (Number of woman-owned microenterprises acquiring BDS from program supported providers) by Line 6 (Number of Microenterprises acquiring BDS from program supported providers).

Assessing the Facilitator's Cost-Effectiveness

Under the market development approach, the facilitator's role is to develop the BDS market using demand-side and/or supply-side interventions for a finite period. Therefore, the IGP does not measure the institutional development of the facilitator, but rather focuses on the cost-effectiveness of the interventions.

In limited cases, the grantee may be a direct BDS provider. In these cases, no facilitator data needs to be provided.

Line 10 – Total Program Costs

Indicate the program costs per year. This should correspond to the total program budget submitted in this application.

Line 11 – Total Program Costs per Microenterprise Served (Line 10/Line 6)

To measure the cost effectiveness of the intervention, take Line 10 (Total Program Costs) and divide it by Line 6 (Number of Microenterprises acquiring BDS from program supported providers, by service).

In some cases your program may work with firms of all sizes, however, Line 11 focuses on cost per microenterprise served, since they are the target group for the IGP supported program.

Assessing the BDS Provider

In limited cases when the grantee is a BDS provider, lines 12-14 will measure the BDS provider's profitability.

In the case you are a provider please enter data for lines 12, 13 & 14.

In the case you are a facilitator please skip to line 15.

Line 12 – Total Earned Revenues

Total earned revenues refers to your revenues, excluding grants, contracts with donor agencies, and any other subsidies.

Line 13 – Total Expenses

Total expenses refers to your total expenses.

Line 14 – Return on Operations (Line 12/Line 13)

Return on Operations can be calculated by taking Line 12 (Total Earned Revenues) and divided by Line 13 (Total Expense).

Line 15 – Providers' Profitability

In the case you are a facilitator working with multiple BDS providers we realize that measuring the profitability of each provider is burdensome and impractical.

We offer you the opportunity to suggest an indicator (of your choice) that would serve as a proxy to measure the profitability of the BDS providers in your program.

One creative indicator taken from the craft sector, is # of new product lines on the market. This indicator reveals to what extent BDS providers (local designers) are providing

services on a sustainable basis.

Keep in mind that you may want to consider random sampling as a method to measure this indicator. Please indicate in the narrative how you will gather this data.

Assessing the Impact on Microenterprise Client

The main driving force behind the BDS market development approach is a belief that business development services can improve microenterprises' performance. Lines 17-19 are indicators that measure impact at the client-level, based on their perception of the value of the services, and increased sales.

Line 16 – Annual Value of Sales by Microenterprises Participating in the Program (in US\$)

See line 2 for definition of indicator, but count only the value (in US\$) associated with microenterprise sales.

Line 17 – Microenterprise Client Satisfaction, by Service

For each service that your program will focus on, select one of the two following indicators to measure client satisfaction.

Number of Repeat Clients

Repeat clients are all the clients that are not new. Repeat clients have purchased BDS from the provider in the past. There are some instances when some BDS are designed to be acquired once (eg. technical training), therefore this indicator may not be appropriate. Use Number of Referrals instead.

Number of Referrals

A referral is when a new client purchases a specific good or service from a specific provider, based on a recommendation of a previous client.

Remember, each BDS requires only one indicator to measure client satisfaction. If you are working in two BDS markets, you do not have to measure client satisfaction using the same indicator. Please circle the word "repeat clients" or "referral" for each service to indicate the method selected on Table 1.

Other Indicators

Line 18 – Exchange Rate

Indicate the exchange rate used to calculate US\$ figures.

Line 19 – Estimated percentage of microenterprises on Line 6 who have poverty loans from any source

This indicator is used for reporting purposes to the United States Congress, therefore are required for any award from the Office of Microenterprise Development.

Poverty loans are defined as the following:

\$1,000 or less in Eastern Europe and Eurasia;
\$400 or less in Latin America and the Caribbean; and
\$300 or less in Asia, the Near East and Africa.
(Estimate and include loans from informal sources)

These targets set forth at this point of time will be reviewed during the pre-award phase, and verified during field assessments. In all cases, targets will be negotiated before a cooperative agreement is signed.

APPENDIX D

USAID-PRESENCE COUNTRIES

The list of where USAID (both Missions and Representations) currently has programs can be found below and on the www.usaid.gov/regions website (by selecting the region of interest). Inclusion in the website, however, does not imply that microenterprise development will fit within any given Mission's interpretation of the parameters of the strategies and/or the strategic objectives under which it operates. It is the responsibility of the organization applying for IGP funding to contact the mission or representative in the country /countries in which the applicant proposes to work and establish 1) the degree to which the type of activity proposed would be supported by the Mission and 2) the applicant's continuing intention of operating in that country.

For each country receiving IGP grant funding, a Mission's support must have been expressed. If a Mission disapproves for any reason, the proposal will not be selected nor awarded. Therefore, it is strongly advised that applicants follow-up with USAID Missions to confirm their status and investigate their interest prior to investing significant preparation time in a proposal.

Missions, as stated elsewhere, will also have the opportunity to carefully review the specific proposal on technical merit.

NOTE: This following list may not be a complete and accurate list. Also not all of the countries listed below have an "economic growth" strategic objective.

USAID-PRESENCE COUNTRIES

Africa

Angola
Benin
Eritrea
Ethiopia
Ghana
Guinea
Guinea-Bissau
Kenya
Liberia

Madagascar
Malawi
Mali
Mozambique
Namibia
Nigeria
Rwanda
Senegal
Somalia

South Africa
Tanzania
Uganda
Zambia
Zimbabwe

Asia and the Near East

Bangladesh
Cambodia
Egypt
India
Indonesia

Jordan
Lebanon
Mongolia
Morocco
Nepal

Philippines
Sri Lanka
Vietnam
West Bank/Gaza

Europe and Eurasia

Albania
Bosnia/Herzegovina
Bulgaria
Caucasus (Armenia,
Azerbaijan & Georgia)
Central Asia (Kazakhstan,
Kyrgyzstan, Tajikistan,
Turkmenistan and
Uzbekistan)

Croatia
Cypress
Czech Republic
Estonia
Hungary
Ireland
Latvia
Lithuania
Macedonia

Moldava
Poland
Romania
Russia
Serbia
Slovak Republic
Slovenia
Ukraine

Latin America and Caribbean

Bolivia
Brazil
Colombia
Dominican Republic
Ecuador
El Salvador

Guatemala
Guyana
Haiti
Honduras
Jamaica

Mexico
Nicaragua
Panama
Paraguay
Peru

APPENDIX E

USAID MISSION ADDRESSES

The following list contains the addresses for USAID Missions or Representations where USAID currently has programs. Inclusion does not imply that microenterprise development will fit within any given Mission's interpretation of the parameters of the strategies and/or the strategic objectives under which it operates.

The organization applying for IGP funding must contact the mission or representative in the country /countries in which it proposes sites and establish 1) the degree to which the type of activity proposed would be supported by the Mission and 2) the continuing intention of operating in that country.

For each site receiving IGP grant funding, a Mission's support must have been expressed. If a Mission disapproves for any reason, the proposal will not be selected nor awarded. **Therefore, it is strongly recommended that applicants follow-up with USAID Missions to confirm their status and investigate their interest prior to investing significant preparation time in a proposal.**

Missions, as stated elsewhere, will also have the opportunity to carefully review the specific proposal on technical merit.

NOTE: Applicants are encouraged to verify correct addresses with the MD office prior to mailing copies to missions.

**USAID MISSION ADDRESSES
(LISTED ALPHABETICALLY BY COUNTRY)**

USAID REPRESENTATIVE
USAID/AMERICAN EMBASSY
103 RRUGA E ELBASANIT
TIRANA, ALBANIA

DIRECTOR
USAID/YEREVAN
18 BAGRAMIAN ST.
YEREVAN, ARMENIA

DIRECTOR
USAID
BAKU, AZERBAIJAN
9-011-8922-92-18-98

DIRECTOR
USAID
MINSK, BELARUS
9-011-0172-34-65-61

DIRECTOR
USAID
C/O AMERICAN EMBASSY
MANDANI AVENUE,
BARIDHARA
DHAKA, BANGLADESH

USAID REPRESENTATIVE
USAID
RUE CAPORAL ANANI
BERNARD, B.P. 2012
COTONOU, BENIN

DIRECTOR
USAID/BOLIVIA
CALLE 9, NO. 104
OBRAJES
LA PAZ, BOLIVIA

DIRECTOR
USAID/REGIONAL CENTER FOR
SOUTHERN AFRICA
PLOT NO. 14818 LEBATLANE
ROAD
GABORONE WEST
EXTENSION 6
GABORONE, BOTSWANA

DIRECTOR
USAID/BOSNIA
SARAYEVO, BOSNIA
9-011-387-71-667-900

USAID REPRESENTATIVE
SES AVENIDA DAS NOCOES
QUADRA 801, LOTE 3
BRASILIA - DF - 70403-900 BRAZIL

USAID REPRESENTATIVE
C/O AMERICAN EMBASSY
1 SUBORNA STREET
SOFIA-1000, BULGARIA

USAID REPRESENTATIVE
USAID S/C AMBASSADE
AMERICAINE
B.P. 1930
AVENUE DES ETATS UNIS
BUJUMBURA, BURUNDI

DIRECTOR
USAID
C/O THE AMERICAN EMBASSY
NO 18, MONGKUL EAM ST. 228
PHENOM PEHN, CAMBODIA

USAID REPRESENTATIVE
USAID
CALLE 22D, BIS. 47-51
BOGOTA, COLOMBIA

USAID REPRESENTATIVE
C/O AMERICAN EMBASSY
ANDRIJE HABRANGE 2
ZAGREB, CROATIA

DIRECTOR
AMERICAN EMBASSY
USAID/SANTO DOMINGO
LEOPOLDO NAVARRO 12
SANTO DOMINGO, DOMINICAN
REPUBLIC

DIRECTOR
USAID
AV. COLOMBIA 1573 Y
QUESERAS
DEL MEDIO
EDIFICIO COMPUTEC
QUITO, ECUADOR

DIRECTOR
USAID/CAIRO
CAIRO CENTER BLDG, 9TH FL.
106 KASR EL AINI ST.
GARDEN CITY
CAIRO, EGYPT

USAID/EL SALVADOR
URBANIZACION Y
BOULEVARD SANTA ELENA
ANTIGUO CUSCATLAN
LA LIBERTAD
EL SALVADOR, CA

DIRECTOR
USAID/ASMARA
34 ZERA YACOB STREET
ASMARA, ERITREA

DIRECTOR
USAID/ETHIOPIA
BOLE/AMCE ROAD
PO BOX 1014
ADDIS ABABA, ETHIOPIA

DIRECTOR
USAID/WEST BANK GAZA
C/O AMERICAN EMBASSY
71 HARYARKON STREET
TEL AVIV, ISRAEL 63903

DIRECTOR
USAID
TBILISI, GEORGIA
9-011-7-885-215-1144

DIRECTOR
USAID GHANA
E45/3 INDEPENDENCE AVE.
ACCRA, GHANA

DIRECTOR
USAID
1 CALLE 7-66, ZONE 9
O1009 GUATEMALA
GUATEMALA, C.A.

DIRECTOR
USAID/GUINEA
CAMAYENNE CORNICHE NORD
QUARTIER CAMEROUN
CONAKRY, GUINEA

USAID REPRESENTATIVE
USAID
AVENIDA DOMINGOS RAMOS
C.P. 297
BISSAU, GUINEA-BISSAU

USAID REPRESENTATIVE
USAID/MISSION TO GUYANA
263 EARL'S AVENUE
SUBRYANVILLE
GEORGETOWN, GUYANA

DIRECTOR
USAID
#17 HARRY TRUMAN BLVD.
PORT AU PRINCE, HAITI

DIRECTOR
USAID
AVENIDA LA PAZ
FRENTE EMBAJADA
AMERICANA
TEGUCIGALPA DC, HONDURAS

DIRECTOR
USAID/HUNGARY
BANK CENTER GRANIT TOWER
SZABADSAG TER 7-8
4TH FLOOR
1944 BUDAPEST, HUNGARY

DIRECTOR
USAID
B-28 QUTAB INSTITUTIONAL
AREA
NEW DELHI 110 016, INDIA

DIRECTOR
USAID/INDONESIA
JL. MEDAN MERDEKA
SELATAN 3-5
JAKARTA 10110, INDONESIA

DIRECTOR
USAID/JAMAICA
2 HAINING ROAD
KINGSTON 5, JAMAICA

USAID OFFICE
ATTN: DIRECTOR
C/O AMERICAN EMBASSY,
ABDOUN
AMMAN, JORDAN

DIRECTOR
USAID/ALMATY
C/O AMERICAN EMBASSY
97a FURMANOVA ST.
ALMA ATA, KAZAKHSTAN

DIRECTOR
USAID
BISHKEK, KYRGYZSTAN
9-011-7-3312-21-06-63

DIRECTOR
USAID
USAID TOWERS
THE CRESCENT, PARKLANDS
NAIROBI, KENYA

DIRECTOR
USAID

C/O AMERICAN EMBASSY
C/O HOTEL RIDZENE
EUDRUPDA 1
RIGA, LATVIA

DIRECTOR
USAID
ANTELIAL
BEIRUT, LEBANON

DIRECTOR
USAID
C/O AMERICAN EMBASSY
MYKOLAICIO PUTINO 4
VILNIUS (E), LITHUANIA

DIRECTOR
USAID
VELKO VLAHOVICH 26/ii
SKOPJE 91000
FYR MACEDONIA

DIRECTOR
USAID/MADAGASCAR
IMMEUBLE VONISOA III
AVENUE DOCTEUR
RAVOHANGY
ANOSY, ANTANANARIVO, 101
MADAGASCAR

DIRECTOR
USAID/MALAWI
NICO HOUSE, 1ST FLOOR
LILONGWE 3, MALAWI

DIRECTOR
USAID MALI
B.P. 34
BAMAKO, MALI

USAID REPRESENTATIVE
USAID/MEXICO
PASEO DE LA REFORMA 305
COL. CUAUHTEMOC
06500 - MEXICO D.F., MEXICO

DIRECTOR
USAID
CHISINAU, MOLDOVA
9-011-0422-23-37-72

USAID REPRESENTATIVE
USAID
C/O AMERICAN EMBASSY
ULAANBAATAR, MONGOLIA

DIRECTOR
USAID
137, AVENUE ALLAL BEN
ABDALLAH
RABAT, MOROCCO

DIRECTOR
USAID
PROGRAM AND ACTIVITY
DEVELOPMENT OFFICE
107 RUE FARIA DE SOUSA
MAPUTO (SOMMERSCHIELD)
REPUBLIC OF MOZAMBIQUE

USAID REPRESENTATIVE
6TH FLOOR, SOUTHERN LIFE
TOWER
POST STREET MALL
WINDHOEK 9000, NAMIBIA

DIRECTOR
USAID KATHMANDU
RABI BHAWAN
P.O. BOX 5653
KALIMATI DURBAR
KATHMANDU, NEPAL

DIRECTOR
USAID/NICARAGUA
PISTA SUB-URBANO
DE LOS SEMAFOROS DE LA
CENTROAMERICA DOS
CUADRAS ABAJO
FRENTE DE SYSCOM
MANAGUA, NICARAGUA

DIRECTOR
USAID
EDIFICIO PLAZA REGENCY

SEGUNDO PISO, VIA ESPANA
PANAMA, REPUBLICA DE
PANAMA

DIRECTOR
USAID/PARAGUAY
MAYOR FLEITAS 256
ASUNCION, PARAGUAY

DIRECTOR
USAID
LARRABURE Y UNANUE 110
LIMA 1, PERU

DIRECTOR
USAID
RAMON MAGSAYSAY
BUILDING
1680 ROXAS BOULEVARD,
MALATE 1004
MANILA, PHILIPPINES

DIRECTOR
USAID
C/O AMERICAN EMBASSY
ALEJE UJAZDOWSKIE 29/31
WARSAW, POLAND

USAID REPRESENTATIVE
USAID OFFICE
BALCESCU, 5TH FLOOR
BUCHAREST, ROMANIA

DIRECTOR
USAID/MOSCOW
NOVINSKIY BULVAR
MOSCOW, RUSSIA

DIRECTOR
USAID
C/O THE AMERICAN EMBASSY
B.P. 49
AVENUE JEAN XXIII AND RUE KLEBER
DAKAR, SENEGAL

USAID REPRESENTATIVE
USAID
PANSKA ULICA 33
811 02 BRATISLAVA

SLOVAK REPUBLIC

USAID REPRESENTATIVE
USAID
LJUBLJANA, SLOVENIA
9-011-386-61-131-5114

DIRECTOR
USAID
CORSO PRIMO LUGLIO
MOGADISHU, SOMALIA

DIRECTOR
USAID
SANCARDIA BUILDING, 9TH
FLOOR
524 CHURCH STREET
ARCADIA, PRETORIA
SOUTH AFRICA

DIRECTOR
USAID
356 GALLE RD.
COLOMBO 3, SRI LANKA

DIRECTOR
USAID/KHARTOUM
C/O AMERICAN EMBASSY
KHARTOUM, SUDAN

DIRECTOR
USAID
DUSHANBE, TAJIKISTAN
9-011-3772-21-03-60

DIRECTOR
USAID
3RD FLOOR, ATC HOUSE
OHIO STREET
DAR ES SALAAM,
UNITED REP. OF TANZANIA

DIRECTOR
USAID
ASHGABA, TURKMENISTAN
9-011-7-3272-63-36-69

DIRECTOR
USAID

TASHKENT, UZBEKISTAN
9-011-3272-63-36-69

DIRECTOR
USAID
C/O AMERICAN EMBASSY
42 NAKASERO ROAD
KAMPALA, UGANDA

DIRECTOR
USAID MISSION
351 INDEPENDENCE AVENUE
LUSAKA, ZAMBIA

DIRECTOR
USAID/ZIMBABWE
1 PASCOE AVENUE
BELGRAVIA
HARARE, ZIMBABWE

APPENDIX F

GLOSSARY

Activity:	The BDS activity proposed for funding under the IGP-BDS.
Applicant:	The organization submitting the IGP-BDS application.
BDS:	Business Development Services, the array of non-financial services provided to MSEs. Examples include business training, marketing assistance, and technology development and transfer.
Client:	An individual or an enterprise acquiring BDS from a provider. Applicants should specify how many of their current and projected clients will be microenterprises.
Exit strategy:	The process (including activities and timetable) by which a facilitator exits from providing services, leaving behind local sustainable capacity and demand for service provision. This may include a gradual withdrawal of program staff and other investments of subsidies within an agreed upon period of time.
Facilitator:	An institution giving indirect support for BDS. Facilitators may engage in activities such as increasing client demand for BDS, developing new BDS products, strengthening BDS providers, promoting good practices in BDS, and monitoring and evaluating provider performance.
Fee:	A payment for BDS from a client to a provider. Fees can include commissions as well as direct payments (either for stand-alone BDS products or as part of a payment for BDS that is bundled with other products or services).
Final goods & services market:	The final goods and services market represents the final market to which the products and/or services produced by microentrepreneurs are sold. Since microentrepreneurs may represent just one step in the supply chain, the goods and services may not be sold directly by microentrepreneurs to the final market but rather through other intermediaries, e.g. wholesalers, retailers, etc, in the supply chain.
IGP:	The Implementation Grant Program operated by USAID's Office of Microenterprise Development to promote microenterprise development through two grant competitions: the IGP-FS for Financial Services and the IGP-BDS for Business Development Services.
Implementing organization:	An organization involved in the facilitation or provision of BDS

in the proposed activity. Implementing organizations therefore include both the applicant organization and its partners.

Local organization:

An organization that is registered in the country where the proposed BDS activity will be implemented.

Microenterprise:

Defined at USAID as a firm with 10 or fewer employees, including unpaid family workers, that is owned and operated by an entrepreneur with limited income and assets. The Office of Microenterprise Development gives special priority to the development of women-owned microenterprises and those with 5 or fewer employees, which may include unpaid family workers.

MSME

A micro-, small- or medium-scale enterprise, including a sole proprietorship/self-employed individual.

APPENDIX G

APPLICATION CHECKLIST

Before beginning the application, applicants should ensure that they have appropriate institutional capacity as well as local support from the USAID Mission and prospective partners to carry out the activity considered. Applicants should:

- ❑ Carry out preliminary market research and/or product testing to determine potential demand for the proposed BDS, and to establish the overall feasibility of the planned activity for assisting the target group and promoting BDS market development.
- ❑ Develop a vision of what the BDS market will look like and how it will operate at the end of the program or intervention. Based on this vision, develop an activity plan describing the BDS market development interventions that will be required to realize this vision. This document should also specify the relevant terms, conditions and division of responsibilities between the applicant and its partner institutions, if any.
- ❑ Discuss the initial plan with staff at the local USAID Mission to determine how the proposed activity relates to the Mission's Strategic Objectives (SOs). The applicant should also identify appropriate future Mission contact person(s) with regard to the BDS application.
- ❑ Discuss the initial plan with potential partner institutions. Partner institutions should demonstrate a solid understanding of the proposed activity and a firm commitment to work with the applicant on the activity.
- ❑ If possible, attend the Pre-Application Conference to be held in Washington, D.C. on October 23, 2001 at the Ronald Reagan Building. .

While drafting the application, the applicant should:

- ❑ Seek feedback from the local mission.
- ❑ Seek feedback from the partner institutions.

Before submitting the application to the Office of Microenterprise Development, the applicant should:

- ❑ Submit a copy to prospective partner organizations. The partner(s) should submit Memoranda of Understanding only after they have thoroughly familiarized themselves with the IGP-BDS application.

When mailing the application, the applicant should:

- ❑ Ensure that all the materials described in Section K have been included in the application. The original should be unbound and single-sided and include:
 - ❑ 11-page proposal, including Executive Summary
 - ❑ Budget Table
 - ❑ Past Performance References
 - ❑ Table 1 (historical and projected)
 - ❑ Financial Statements
 - ❑ Memoranda of Understanding from applicant's partner organization(s), if applicable
 - ❑ Annexes (no more than 15 pages)
- ❑ Include 6 copies of the original application and required attachments
- ❑ Include an electronic copy of the application (floppy disk or CD – including application narrative in MS Word and budget table, and Table 1, Financial Statements in MS Excel)
- ❑ **Send an additional copy to the local USAID Mission.**
- ❑ Allow appropriate time for the application to reach the Office of Microenterprise Development by the **deadline of 5:00 p.m. Eastern Standard Time on Friday, December 14, 2001.**

TABLE 1										
Impact and Performance Indicators										
In US\$										
								2000	2001	Year 1
Only applicants targeting a specific subsector	ASSESSING THE MARKET FOR GOODS & SERVICES (Final Sales ¹)									
	MARKET-LEVEL ²									
	1.	Annual value of sales (in US\$)								
	PROGRAM-LEVEL ³									
	2.	Annual value of sales (in US\$) ⁴								
All applicants	ASSESSING THE DEVELOPMENT OF THE BDS MARKET									
	MARKET-LEVEL									
	3.	Total number of BDS providers, by service ⁵								
		a.	Service 1							
		b.	Service 2							
		c.	Service 3							
	PROGRAM-LEVEL									
	4.	Number of BDS providers participating in the program, by service								
		a.	Service 1							
		i.	Percent private, for-profit providers							
		b.	Service 2							
		i.	Percent private, for-profit providers							
		c.	Service 3							
		i.	Percent private, for-profit providers							
	5.	Total number of firms acquiring BDS from program-supported providers, by service ⁶								
		a.	Service 1							
		b.	Service 2							
		c.	Service 3							
	6.	Number of microenterprises ⁷ acquiring BDS from program-supported providers, by service								
		a.	Service 1							

	b.	Service 2			
	c.	Service 3			
	7.	Microenterprises as percent of total firms (line 6/line 5)			
	8.	Number of woman-owned microenterprises acquiring BDS from program-supported providers, by service			
	a.	Service 1			
	b.	Service 2			
	c.	Service 3			
	9.	Woman-owned microenterprises as percent of total microenterprises (line 8/line 6)			
All applicants	ASSESSING THE FACILITATOR'S COST-EFFECTIVENESS (PROGRAM-LEVEL INDICATORS)				
	10	Total program costs			
	11	Total program costs per microenterprise served (line 10/line 5)			
Only for direct providers of BDS	ASSESSING THE BDS PROVIDER				
	12	Total earned revenues (do not include any grants or donor contracts)			
	13	Total expenses			
	14	Return on operations (line 12/line 13)			
For all other applicants (other than direct providers)	15	BDS Providers' profitability (please suggest appropriate indicator(s) to measure the profitability of the whom you work and/or services they provide, and explain/justify this measure in the narrative section)			
All applicants	ASSESSING THE IMPACT ON THE MICROENTERPRISE CLIENT (Program Level)				
	16	Annual value of sales by microenterprises participating in program (in US\$) ⁸			
	17	Microenterprise client satisfaction ⁹ (see "Guidelines" for further explanation):			
	a.	Service 1: number of repeat clients, OR referrals			
	b.	Service 2: number of repeat clients, OR referrals			
	c.	Service 3: number of repeat clients, OR referrals			
All applicants	OTHER INDICATORS				
	18	Exchange rate used to calculate US\$ figures			

	19	Estimated percentage of microenterprises on line 6 who have poverty loans from any source							
Notes to Table 1:									
	1	For exporters, final sales refers to FOB. For retailers or wholesalers, it is the final retail sale.							
	2	For "market-level indicators," refer to the entire or overall market in which the program will be the market share targeted by the IGP-sponsored program (see http://www.mip.org/pubs/mb under "survey guide" for definition of "overall market")							
	3	For "program-level indicators," refer to indicators such as sales, for instance, related only to and/or providers targeted and/or assisted by the IGP-sponsored program.							
	4	These can be actual figures or estimates based on random sampling.							
	5	In cases where there are embedded or informal BDS transactions, please estimate the number of BDS providers.							
	6	"Acquired" BDS can be purchased (fee for service), embedded in the business relationship (with the sale of another good or service, part of a barter).							
	7	A microenterprise is any enterprise with 10 or fewer employees.							
	8	This refers to total sales by micro and small enterprises participating in the program, rather than final sales as measured above on lines 3 and 4.							
	9	Measure client satisfaction for each service using EITHER "repeat clients" OR "referrals", depending on the nature of the service. Please circle the method you are using. Please see Guidelines 1 for further instructions.							